

AMENDED IN ASSEMBLY MAY 4, 2005

AMENDED IN ASSEMBLY APRIL 20, 2005

AMENDED IN ASSEMBLY APRIL 6, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 1512

Introduced by Assembly Member Garcia

February 22, 2005

An act to amend Sections 50911, ~~50953~~, and 51504, of the Health and Safety Code, relating to housing, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1512, as amended, Garcia. California Housing Finance Agency.

(1) Existing law authorizes the Executive Director of the California Housing Finance Agency to employ as general counsel for the agency an attorney at law licensed in this state to advise the board of the agency, the chairperson, and the executive director when so requested, with regard to all matters in connection with the powers and duties of the agency and its board members and officers.

This bill would authorize the general counsel, in his or her absence, to designate someone else to act in his or her behalf.

~~(2) Existing law requires the California Housing Finance Agency, among other things, to adopt regulations for review of construction contracts for that construction or rehabilitation of housing developments and residential structures financed by bonds issued by the agency and requires that on construction so financed, except as specified, all workers employed in that construction, except in~~

~~maintenance work, shall be paid not less than the general prevailing wage or per diem wages for work of a similar nature.~~

~~This bill would delete residential structures from this provision.~~

~~(3) Existing~~

(2) *Existing* law requires the California Housing Finance Agency to administer the California Homebuyer's Downpayment Assistance Program for the purpose of assisting first-time low- and moderate-income homebuyers utilizing existing mortgage financing.

Existing law establishes an expenditure allocation schedule of housing bond revenues in the Housing and Emergency Shelter Trust Fund. One of those allocations is the transfer of \$85,000,000 to the California Housing Loan Insurance Fund for bond and loan insurance purposes, as specified. The schedule provides that funds not utilized for those purposes within 30 months shall revert for general use in the California Homebuyer's Downpayment Assistance Program. Under existing law, the agency is authorized to make development loans, construction loans, property improvement loans, mortgage loans, and advances in anticipation of these loans to housing sponsors to finance housing developments and residential structures.

This bill would authorize the agency, at its discretion, to use not more than \$75,000,000 of the reversion funds available pursuant to the downpayment assistance program to finance the construction and development of residential structures pursuant to its authority under specified authority governing loans for housing developments. *The bill would require the agency to make certain downpayment assistance a priority use for these funds, but not downpayment assistance for a new home that is within the boundaries of an infill opportunity zone, a transit village development district, or a transit-oriented development specific plan area or for the purchase of a residence in a community revitalization area targeted by a nonprofit organization as a neighborhood in need of economic stimulation, renovation, and rehabilitation, as specified.* By authorizing continuously appropriated funds to be used for this additional purpose, the bill would make an appropriation.

Vote: ~~majority~~^{2/3}. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 50911 of the Health and Safety Code is amended to read:

50911. (a) Notwithstanding Sections 11042 and 11043 of the Government Code, the executive director may employ as general counsel for the agency an attorney at law licensed in this state. The general counsel, or in his or her absence, the general counsel's designee, shall advise the board, the chairperson, and the executive director, when so requested, with regard to all matters in connection with the powers and duties of the agency and the board members and officers thereof. The general counsel shall serve as secretary to the board and shall perform all duties and services as general counsel to the agency that the agency may require of that person.

(b) Except as provided in Section 11040 of the Government Code, the Attorney General shall represent and appear for the people of the state and the agency in all court proceedings involving any question under this division or any order or act of the agency. However, the agency may also employ private counsel to assist in any court proceeding.

(c) Notwithstanding Sections 11042 and 11043 of the Government Code, the executive director may appoint as bond counsel for the agency an attorney or attorneys. Nothing in this section or any other provision of law shall preclude the appointment of more than one attorney to serve as bond counsel. However, at all times at least one attorney shall be licensed to practice law in this state. If the agency appoints more than one bond counsel for a bond issue, the combined fees paid to all bond counsel shall not exceed those fees that would have been paid had only one bond counsel been appointed.

(d) Under the authority of this section, the executive director may appoint or retain an attorney or attorneys to undertake other appropriate legal studies and assignments not in conflict with this section.

~~SEC. 2. Section 50953 of the Health and Safety Code is amended to read:~~

~~50953. No provision of this division shall be construed as a restriction or limitation upon any powers which the agency or any local public entity might otherwise have under any laws of~~

~~this state, and this part is cumulative with respect to these powers. This division shall be deemed to provide a complete, additional, and alternative method for doing the things authorized thereby, and shall be regarded as supplemental and additional to powers conferred by other laws. The issuance of bonds and refunding bonds under this part need not comply with the requirements of any other law applicable to the issuance of bonds, and in the construction or acquisition of a housing development or a residential structure pursuant to this division, the agency need not comply with the requirements of any other law applicable to construction or acquisition of public works, except as specifically provided in this division. The agency shall adopt regulations for review of construction contracts for the construction or rehabilitation of housing developments financed under this division and shall require that on construction of this housing which is financed by a construction loan from the agency, other than mutual self-help housing developments, all workers employed in the construction, exclusive of maintenance work, shall be paid not less than the general prevailing rate or per diem wages for work of a similar character in the locality in which the construction is performed, and not less than the prevailing rate of per diem wages for holiday and overtime work. The agency shall determine or require determination of the general prevailing rate of per diem wages in accordance with the standards set forth in Section 1773 of the Labor Code. Apprentices shall be employed in the construction of housing developments in accordance with the regulations of the agency, which shall impose the same requirements as contained in Section 1777.5 of the Labor Code, except as to differences necessitated by the methods of awarding construction contracts for housing developments financed under this division.~~

~~SEC. 3.~~

SEC. 2. Section 51504 of the Health and Safety Code is amended to read:

51504. (a) The agency shall administer a downpayment assistance program that includes, but is not limited to, all of the following:

(1) Downpayment assistance shall include, but not be limited to, a deferred-payment, low-interest, junior mortgage loan to

1 reduce the principal and interest payments and make financing
2 affordable to first-time low- and moderate-income home buyers.

3 (2) (A) Except as provided in subparagraph (A) or (B), the
4 amount of downpayment assistance shall not exceed 3 percent of
5 the home sales price.

6 (B) The amount of downpayment assistance for a new home
7 within an infill opportunity zone, as defined in Section 65088.1
8 of the Government Code, a transit village development district,
9 as defined in Section 65460.4 of the Government Code, or a
10 transit-oriented development specific plan area shall not exceed 5
11 percent of the purchase price or the appraised value, whichever
12 amount is less, of the new home. The borrower of the
13 downpayment assistance shall provide the lender originating the
14 loan with a certification from the local government agency
15 administering the infill opportunity zone, the transit village
16 development district, or the transit-oriented development specific
17 plan area that states that the property involved in the loan
18 transaction is within the boundaries of either the infill
19 opportunity zone, the transit village development district, or the
20 transit-oriented development specific plan area.

21 (C) Notwithstanding paragraph (1), the agency may, but is not
22 required to, provide downpayment assistance that does not
23 exceed 6 percent of the home sales price to first-time low-income
24 home buyers who, as documented to the agency by a nonprofit
25 organization that is certified and funded to provide home
26 ownership counseling by a federally funded national nonprofit
27 corporation, are purchasing a residence in a community
28 revitalization area targeted by the nonprofit organization as a
29 neighborhood in need of economic stimulation, renovation, and
30 rehabilitation through efforts that include increased home
31 ownership opportunities for low-income families. The agency
32 shall not use more than six million dollars (\$6,000,000) in funds
33 made available pursuant to Section 53533 for the purposes of this
34 paragraph.

35 (3) The amount of the downpayment assistance shall be
36 secured by a deed of trust in a junior position to the primary
37 financing provided. The term of the loan for the downpayment
38 assistance shall not exceed the term of the primary loan.

39 (4) The amount of the downpayment assistance shall be due
40 and payable at the end of the term or upon sale of or refinancing

1 of the home. The borrower may refinance the mortgages on the
2 home provided that the principal and accrued interest on the
3 junior mortgage loan securing the downpayment assistance are
4 repaid in full. All repayments shall be made to the agency to be
5 reallocated for the purposes of this chapter.

6 (5) The agency may use up to 5 percent of the funds
7 appropriated by the Legislature for purposes of this chapter to
8 administer this program.

9 (6) For the purposes of this section, “transit-oriented
10 development specific plan area” means a specific plan that meets
11 the criteria set forth in Section 65451 of the Government Code, is
12 centered around a rail or light-rail station, ferry terminal, bus
13 hub, or bus transfer station, and is intended to achieve a
14 higher-density use of land that facilitates use of the transit
15 station.

16 (b) In addition to the downpayment assistance program
17 authorized by subdivision (a), the agency may, at its discretion,
18 use not more than seventy-five million dollars (\$75,000,000) of
19 the funds available pursuant to this chapter to finance the
20 construction and development of residential structures pursuant
21 to its authority pursuant to Section 51100; however, the agency
22 shall make downpayment assistance provided pursuant to
23 *paragraph (1), subparagraphs (A) and (B) of paragraph (2), and*
24 *paragraphs (3) to (5), inclusive, of subdivision (a) the priority*
25 use for these funds.